

[illegible]

LEVYING A FINE

1. Washington Dental Service (“WDS” hereafter) is a health care service contractor that offers dental plans in Washington and is authorized to do business in Washington.
2. In June 2002, the Office of Insurance Commissioner (“OIC” hereafter) received a complaint from a custodial parent of a minor, dependent child that WDS issued claim payment checks for dental treatment obtained by the custodial parent for her child which were made payable to the non-custodial, subscriber parent rather than the custodial parent and that the checks had been sent to the subscriber rather than the custodial parent despite the fact WDS had been provided with a copy of the court documents establishing the custodial parent’s right to the payments.
3. OIC contacted WDS which responded by letter dated July 15, 2002, admitting WDS had issued such checks for dental care for children of subscribers directly to subscribers who were non-custodial parents when non-participating providers had been used and that this practice had continued from April 1, 2002, through June 18, 2002. WDS advised that it had discontinued this practice on June 18, 2002.
4. In response to OIC’s request for a list of WDS’ non-custodial subscribers with dependents, per letter dated August 6, 2002, WDS admitted it did not have the ability to report information regarding custodial and non-custodial parents and that its computer system did not identify information regarding custodial parents “other than in narrative format.”
5. In August 2002, OIC received a second report from the same custodial parent advising that a WDS customer service representative had advised her that it was against WDS policy to provide explanations of benefits (“EOBs”) to non-susbscriber custodial parents.
6. Prior to August 2002, WDS had no established procedure in place for dealing with non-subscriber custodial parents who obtained dental services for their children from the non-custodial parent’s WDS dental plan. In September, 2002, WDS took corrective action and established a procedure to deal with issues involving custodial parents’ need for proper payment and access to information about dependent children who obtain dental services from the non-custodial parent’s WDS dental plan.

7. By letter to OIC dated March 4, 2003, WDS reported finding 40 claims payments that had been issued to a subscriber that involved a custodial parent issue, representing 71 claims, but that the above-described complaint was the only complaint that had been received regarding the handling of a claim involving a custodial parent where a claim payment was improperly sent to a subscriber.
8. In response to a further OIC request for copies of WDS' policies and procedures regarding issuance of EOBs from 1995 on, by letter dated May 27, 2003, WDS further advised that it was unable to provide such documents. Beginning September 1, 2002, WDS developed a system regarding the issuance of EOBs to assure that custodial parents who notify WDS and make a request receive EOBs for their dependent children.
9. WDS has fully cooperated with OIC requests for information regarding this matter since it was contacted in June, 2002.

CONCLUSIONS OF LAW

1. RCW 48.44.166 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's certificate of authority.
2. WDS' issuance of EOBs to non-custodial subscribers rather than to the custodial parents entitled to the explanations of benefits violated the requirement of RCW 48.01.235(2)(a) that the issuer provide to the custodial parent such information as may be necessary for the child to obtain benefits through the coverage.
3. WDS' issuance of claims payment checks to non-custodial subscribers rather than to the custodial parents entitled to the checks violated the requirement of RCW 48.01.235(2)(c) that the issuer make payments on claims to the custodial parent.

CONSENT TO ORDER

WDS wishes to resolve this matter without further administrative or judicial proceedings and hereby agrees to the foregoing Findings of Fact and Conclusions of Law. WDS hereby consents to the entry of this order and acknowledges its duty to comply fully with the applicable laws of the State of Washington.

By agreement of the parties, the OIC will impose a fine of \$10,000 upon the Company, \$4,000 of which fine is suspended for a period of two years on condition that WDS shall not violate the provisions of the Washington State Insurance Code which are the subject of this Order and on the condition that prior to December 31, 2004, WDS complete an audit of all of its claims payments and explanations of benefits for the period of November 1, 2003, to October 31, 2004, in files involving care given to dependent children of subscribers where the subscribers are not the custodial parents to determine compliance with RCW 48.01.235 and upon the condition that the audit results be reported to the OIC.

Pursuant to RCW 48.44.166, failure to pay the fine timely shall constitute grounds for the revocation of the health care service contractor's certificate of registration and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this 14th day of October, 2003.

WASHINGTON DENTAL ~~INSURANCE~~ SERVICE

By: _____

Printed Name: _____

Printed Corporate Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Washington Dental Service is ordered to pay a fine in the amount of \$10,000, of which amount the sum of \$4,000 is suspended upon the condition that the Company fully comply with the laws and regulations of the State of Washington which are the subject of this Order for the next two years and upon the condition that the Company fully carry out and complete and report the results of the audit described in the foregoing section of this Order headed "Consent to Order."
2. The Company's failure to pay the fine within the time limit set forth above shall result in the revocation of the Company's certificate of registration and in the recovery of both the suspended and unsuspended amounts of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 22nd day of October, 2003.

MIKE KREIDLER
Insurance Commissioner

By: _____

CHARLES D. BROWN
Staff Attorney
Legal Affairs Division